



Annual Procurement Report
2023-24
May 2024

Providing homes, supporting communities

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Introduction

Hjaltland Housing Association Ltd (HHA) was formed in 1975 to aid the Shetland Islands Council in providing housing for the communities of Shetland. The Association is a non-profit-distributing company registered under the FCA and is registered as a Scottish Charity.

The Procurement Reform (Scotland) Act 2014 requires public bodies to publish a Procurement Strategy when it has significant procurement expenditure in a year, specifically, when the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5m. A regulated procurement is any procurement for public goods or service over £50,000 and for public works over £2m.

This report also covers all non-regulated procurements completed in the period. This includes any works valued between £15,000 – £2m and goods/supplies valued between £15,000 - £50,000. HHA's tendering policy and procedures are followed for all non-regulated procurements.

Procurement Strategy

HHA's first Procurement Strategy was first published in March 2020 and is reviewed annually. The latest [Procurement Strategy](#) was published March 2024 .

HHA's strategy is considered proportionate for the size of the Association with a minimal spend on regulated procurements. Most regulated procurement activity relates to HHA's development programme for new build housing including construction work and consultant services.

HHA considers its Procurement Strategy and Procurement Policy at the beginning of each regulated procurement exercise. Contracts are awarded following a competitive process which will be shaped around best value with an assessment of quality balanced against price and sustainability.

The main principles and objectives supported by the strategy are:

- Value for money
- Equal and non-discriminatory treatment
- Transparency & proportionality
- Sustainability, innovation, and community benefits
- Consultation and engagement
- Living wage and fair work practices
- Health and safety
- Fairly and ethically traded goods
- Payments to contractors and subcontractors
- Continuous improvement

Summary of Procurement 2023/2024

Regulated Procurements

Two regulated procurements were awarded in the period, one service contract and one work contract. The procurements outlined equate to a total value of £20,136,932.

Ref	Contract	Supplier	Award Date	Contract Start Date	Contract Completion Date	Value Ex VAT
Works	Staneyhill Infrastructure Contract	Garriock Bros. Ltd	21/07/2023	4/12/2023	4/12/2026	£19,998,332
Service	Grass Cutting Contract	Shetland GrassCutting	*03/04/2024	17/12/2024	*31/03/2026-2029	£138,600

*Award notice for contract was 03/04/24 but have included in this Procurement Report as tender process carried out prior to 31st March 2024.

*Contract is an initial 2-year fixed period with optional rolling annual extension for 3 years.

Non-Regulated Procurements

Four non-regulated procurements were awarded in the period, all four of which being works contracts. The procurements outlined equate a total value of £206,966.44

Ref	Contract	Supplier	Award Date	Contract Start Date	Contract Completion Date	Value Ex VAT
Works	Ladies Mire Phase 3 – Joiner Works	Sutherland Building Contractors	21/07/2023	21/07/2023	25/01/2024	
Works	Ladies Mire Phase 3 – Painter Works	Anderson & Cluness Ltd	21/07/2023	21/07/2023	25/01/2024	
Works	Ladies Mire Phase 3 – Plumbing Works	Duncan Fraser Heating & Plumbing	21/07/2023	21/07/2023	25/01/2024	
Works	Ladies Mire Phase 3 – Groundworks	Shetland Plant Hire Ltd	21/07/2023	21/07/2023	25/01/2024	
					TOTAL	£206,966.44

Regulated Procurements and Compliance with Procurement Strategy

During 2023/24, the Association completed two regulated procurements. Below is a summary of how the procurements complied with the main principles and objectives of HHA's Procurement Strategy.

Value for Money

Regulated procurements were advertised using the Public Contracts Scotland portal to ensure a competitive tender process. All submissions were assessed based on both quality & price to deliver the most economically advantageous tender and ensure value for money.

Equal and Non-Discriminatory Treatment:

Regulated procurements were conducted using the Public Contracts Scotland portal where all documents were made freely available. All questions and queries were dealt with through the portal providing all bidders with the same information. All procurement documentation was drafted in clear and precise language to allow tenderers to interpret the documentation in the same way.

It is recognised that the geographical location that HHA operates impacts on its procurement and that it utilises a significant number of local suppliers which the majority are Small & Medium sized Enterprises (SMEs or Micro SMEs).

Transparency and Proportionality:

Regulated procurements were conducted using the Public Contracts Scotland website to ensure transparency. Proportionate approach used to the specified requirements and objectives contained within the procurement to safeguard against barriers to participation for SMEs, Micro SMEs, third sector body and supported businesses.

Sustainability, Innovation and Community Benefits:

Consideration of the Association's Sustainability Policy and the need for community benefit clauses has been considered. Community Benefit was assessed as part of the scored quality submissions and tender documents included the following Community Benefit clauses:

- All new jobs advertised through local employment channels.
- Three apprenticeships started over duration of project.
- Three work placements (16+ years) over duration of project.
- Three S/NVQ starts and completions for own workforce & sub-contractors over duration of project.
- 15% of workforce and sub-contractors to have training plans.
- 50 hours advanced health and safety training for workforce and sub-contractors.
- Application of the Zero Waste Scotland initiatives.
- 10% reduction in the amount of waste materials sent to landfill over the term of contract.
- Engagement undertaken with local SME & third sector organisations regarding potential opportunities.

- Subcontracting opportunities to be made available to local SME market.
- Data to be provided on quarterly basis regarding total value of subcontracting work awarded for the period; the value of works awarded within Shetland; and the value awarded to SMEs in general.

design specifications for both regulated procurements include innovation from years of experience which in turn promote sustainability.

Consultation and Engagement:

There was considerable consultation and engagement for both regulated procurements. Prior to finalising the tender documents for the Grass Cutting Contract, the Association consulted with the previous contractor to discuss what improvements could be made. The contractor expressed that a shorter contract duration with optional annual extensions with a negotiated uplift would be better than a fixed five-year contract linked to annual Consumer Price Index inflation. The Association agreed that this change would reduce the risk for contractors and make the tender more appealing to contractors to price. This resulted in the tender documents being amended to a two-year fixed contract with optional extensions for three years thereafter.

Due to the size and nature of the Stoneyhill Infrastructure Project, there was considerable consultation and engagement as summarised below:

- Consultation with local contractors to ensure best timing for tender process and to rationalise design/specification to maximise value for money.
- Engagement with community council to keep community informed about the project including timescales and possible disruptions.
- Engagement with the Education Department and nearby high school to open lines of communication and promote community benefit opportunities.
- Engagement with nearby residential properties to provide more detail on programme and levels of disruption that may be caused by rock excavations.

As with every procurement the Association completes, feedback was offered to successful/unsuccessful bidders to ensure transparency and feedback was also given by bidders to the Association suggesting how the Association can improve its processes to reduce the burden on bidders.

Living Wage and Fair Work Practices:

Bidders' performance in relation to paying the living wage and fair work practices was assessed as part of the procurement process as part of the quality assessment with a weighted score.

HHA is committed to fair work first practices and always has regard to statutory guidance on the selection of tenders and award of contracts addressing fair work practices in its procurement activity. Our Fair Works First Statement can be found on our website.

Health and Safety:

Bidders' performance in relation to Health & Safety was assessed as part of the quality assessments with a weighted score. HHA also included relevant and proportionate criteria

promoting compliance with Health & Safety at Works Regulations in its tender documentation.

Fairly and Ethically Traded Goods:

Bidders' performance in relation to environmental, social, and employment law has been assessed as part of the procurement process as part of the Single Procurement Document (SPD) assessment. Other considerations were lifecycle costing and ethical performance of supply chain members where appropriate.

Payments to Contractors and Sub-Contractors:

Fair terms of payment in line with relevant contracts have been considered i.e., JCT, NEC, RIAS and ICE. All procurements under the Hjaltland Housing Association Conditions of Contracts are paid within 30 days from receipt of an approved invoice. HHA also reminds contractors of their obligation to pay sub-contractors within the 30 days of receiving an approved invoice.

Community Benefit, Expenditure and Local Supply Chains

HHA is located on a small remote island in the North Sea that only has a population of circa 23,000. Therefore, community benefit and the use of local supply chains is at the forefront of everything we do.

Community Benefit

In line with the Procurement Reform (Scotland) Act 2014, community benefit clauses are added into all procurements valued over £4m. Where appropriate, the Association also adds community benefit clauses into procurements below the threshold.

Community benefit requirements that were fulfilled by contractors and consultants during the year 2023/24 include:

- Attended two local career events to promote apprenticeships and available posts.
- Supported Developing the Young Workforce with employability skills training at two local schools.
- Advertised available positions via local media, social media and LinkedIn.
- Employment of three new staff since commencement of project.
- New Construction Plant Operator apprenticeship started.
- Summer work placement awarded for engineering student to support Civils team.
- SVQ for Appointed Persons, Lifting Operations.
- Training plans for current staff including CPC, First Aid at Work, SMSTS, Street Works, CSCS/CPCS/NPORS renewals.
- Training for key staff in development to work towards Zero Waste Programme.
- Reduction in pollution by installation of solar powered generator for site accommodations.
- Investment in rock splitter which reduces the requirement for blasting of rock and reduced number of machines required for process of rock removal.
- No materials sent to landfill. Approximate 8,000 tonnes of stone crushed on site for re-use.
- Materials have been used for re-instatement of quarry which will, in time, promote biodiversity and ecosystem benefits in the area.
- Domestic waste put to Waste Energy Plant.
- Sub-contract bid offers sent to all local providers of specialist services.
- Sub-contract works awarded to a range of local suppliers from groundworks, plant operators, site fencing, district heating installation and installation of water services.
- Total value of works awarded to local sub-contractors who were all SMEs was £1,615,688m
- Sponsorship of the Aith Junior High School netball team for the purchase of new kit.
- Up-Helly- Aa festival donation.
- Fair Isle Bird Observatory donation.
- Provided work experience to school pupil from 07-08-23 to 11-08-23 (5 days).
- Attended the Anderson High School careers convention on 03-10-23.

Summary of HHA Expenditure 2023-2024

The below table summarises HHA's expenditure between 1st April 2023 and 1st March 2024.

	2023/24
Total Spend	£6,904,854.34
Total Number of Suppliers	171
Total Number of Local Suppliers (Shetland)	94
Total Local Suppliers Spend	£6,194,134.09
Total Spend % Attributed to Local Suppliers	89.7%
Total number of Local SMEs	86
Local SMEs %	91.5%

HHA's expenditure primarily contributes to the local economy of Shetland and enhances sustainability within the isles as 89.7% of 2023/24 expenditure was attributed to local suppliers and 91.5% of the local suppliers used were SMEs. HHA is committed to operating in a sustainable way that promotes the wellbeing of the local community.

Supported Business Summary

A supported business is an organisation that must have the social and professional integration of disabled and disadvantaged persons as its main aim and at least 30% of the employees are disabled or disadvantaged.

The Association takes a proportionate approach to the specified requirements and objectives contained within its procurements to safeguard against barriers to participation for SMEs, Micro SMEs, third sector bodies and supported business. Unfortunately, due to the geographical location of the Association, it is difficult for supported businesses to bid on our procurements and no regulated procurements were awarded to supported businesses during the period of this report.

Future Regulated Procurements

HHA have the below regulated procurements programmed in the next two financial years (2024/25 & 2025/26).

Ref	Details	Estimated Award Date	Estimated Completion Date	Estimated Value
Works	Staneyhill Terrace Phase 1	March 2025	August 2027	£6m
Service	Provision of Insurance Related Services	July 2025	July 2028	£350,000
Service	Long term Electrical Inspections Contract	March 2026	March 2031	£175,000

Annual Procurement Report template, for Submission to the Scottish Government

[NOTE: reference to contract is also to be construed as meaning a framework agreement]

1. Organisation and report details	
a) Contracting Authority Name	Hjaltland Housing Association
b) Period of the annual procurement report	2023/24
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
2. Summary of Regulated Procurements Completed	
a) Total number of regulated contracts awarded within the report period	2
b) Total value of regulated contracts awarded within the report period	£20,136,932
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	2
i) how many of these unique suppliers are SMEs	2
ii) how many of these unique suppliers are Third sector bodies	0
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	2
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
4. Community Benefit Requirements Summary	
Use of Community Benefit Requirements in Procurement:	
a) Total Number of regulated contracts awarded with a value of £4 million or greater.	1
b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	1
c) Total Number of regulated contracts awarded with a value of less than £4 million that contain Community Benefit Requirements	0

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups (Each contracting authority sets its own priority groups)	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	£20,136,932
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	11

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.	2
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	2
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period.	1

6. Payment performance

a) Number of valid invoices received during the reporting period.	22
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	100
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	2
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	0
i) spend within the reporting year on regulated contracts	0
ii) spend within the reporting year on non-regulated contracts	0

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£1,285,956.97
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£1,236,326.53
c) Total procurement spend with third sector bodies during the period covered by the report.	0
d) Percentage of total procurement spend through collaborative contracts.	0
e) Total delivered cash savings for the period covered by the annual procurement report	0
f) Total non-cash savings value for the period covered by the annual procurement report	0

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	3
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£6.525m

